

30 May 2018

Dear Option Holder,

## EXPIRY OF UNLISTED OPTIONS

You are the registered holder of unlisted options (the **Options**) in Elementos Limited (ASX: ELT) (**Elementos** or the **Company**). These options were issued to shareholders who participated in the August 2017 Rights Issue or subsequent Placement.

**The Options will expire at 5.00pm (AEST) on Saturday, 30 June 2018. If you wish to exercise your options, payment must be received by 5:00pm (AEST) on Friday, 29 June 2018.**

### Option Holders Choices:

**1. Exercise all or a portion of your options**

You may complete the enclosed 'Application for Shares on Exercise of Options' form in full, sign it and send it to Boardroom Pty Limited by post. Exercise of options will be completed and processed in accordance with the Terms of Options set out on the back of the Application Form. Payment must be made by Cheque, payable to Elementos Limited. Alternatively, you can pay by BPAY using the details on the form.

**2. Do Nothing**

If you choose to do nothing, your Options will expire at **5.00pm (AEST) on Saturday, 30 June 2018** and have no value.

### Additional Information

The Company advises the following:

- (a) The name of the option holder is contained on the enclosed personalised 'Application for Shares on Exercise of Options'.
- (b) The number of Options held, and the number of fully paid ordinary shares in the Company to be issued on the conversion of the Options is contained in the enclosed personalised 'Application for Shares on Exercise of Options' for the option holder.
- (c) The exercise price for the Options is \$0.006 per option.
- (d) The due date for payment of the exercise price is on or before **5:00pm (AEST) on Friday, 29 June 2018**, being the last business day prior to expiry of the options on Saturday, 30 June 2018.
- (e) If payment is not received by 5:00pm (AEST) on Friday, 29 June 2018, then your Options will expire with no value and no further entitlement will exist.
- (f) The options are unlisted, so cannot be traded on the ASX.
- (g) The last traded price for Elementos shares was \$0.006 on 25 May 2018.
- (h) The highest and lowest market price for Elementos shares during the 3 months immediately before the notice is as follows:  
Highest: \$0.009  
Lowest: \$0.005
- (i) The board confirms that there is currently no underwriting agreement in place for the exercise of the Options.

On behalf of the Board  
Duncan Cornish  
Company Secretary

## Application for Shares on Exercise of Options

Unlisted Options exercisable at A\$0.006 expiring at 5.00pm (Sydney Time) on 30 June 2018

Number of Options  
Registered in your name:

### To be completed by Optionholder:

<b>Number of Options being exercised:</b>	<b>Multiplied by the exercise price of A\$0.006</b>	<b>Amount Paid:</b>
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Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Elementos Limited Share Registry. Payments cannot be made at any bank. Please tick the relevant box below to confirm your method of payment.

**Payment Option 1 – BPAY**  (tick the relevant box)



**Biller Code:**  
**Ref:**

**Telephone & Internet Banking - BPAY®**

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Ltd ABN 69 079 137 518

- Please note that you cannot make a BPAY payment using a credit card
- If paying by BPAY you must still return this exercise notice with your signature(s) below
- The amount of your payment received in the account divided by the exercise price will be deemed to be the total number of options you are exercising

**Payment Option 2 – Cheque (Record cheque details below)**  (tick the relevant box)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Elementos Limited" and crossed "Not Negotiable" and should be attached to this form.
- The amount of your payment received in the account, divided by the exercise price, will be deemed to be the total number of options you are exercising.

To the Directors of Elementos Limited ('Company')

I/We being the registered holder(s) of Options each to acquire one Fully Paid Ordinary Share in the Company hereby give notice of the exercise of Options and attach hereto my/our cheque payable to "ELEMENTOS LIMITED" in payment of such exercise.

I/We agree to my/our name/s being placed on the Register of Members in respect to the number of shares in the Company allotted and to be bound by the Constitution of the Company.

### Please sign here:

Shareholder 1 (Individual)

Sole Director & Company Secretary

Joint Shareholder 2 (Individual)

Director

Joint Shareholder 3 (Individual)

Director / Company Secretary

Telephone No. (Business Hours)

( )

Date

### Lodgement of Application

Elementos Limited C/- Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001

Neither Boardroom Pty Limited nor the Company accepts any responsibility if you lodge this Application at any other address or by any other means.

## TERMS OF OPTIONS

### Elementos Limited

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- (a) The New Options shall be issued for nil consideration.
- (b) The New Options will, except to the extent earlier exercised, expire on 30 June 2018 (**Expiry Date**).
- (c) The exercise price of each New Option shall be \$0.006 (**Exercise Price**).
- (d) The New Options will be transferable in whole or in part.
- (e) The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company at any time on or after the date of issue of the New Options and on or before the Expiry Date:
- (f) Upon the valid exercise of the New Options and payment of the Exercise Price, the Company will issue fully paid ordinary Shares ranking pari passu with the then issued ordinary Shares.
- (g) Optionholders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Optionholders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the New Options, in accordance with the requirements of the Listing Rules.
- (h) Optionholders do not participate in any dividends unless the New Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
- (1) the number of New Options, the Exercise Price of the New Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the New Options which are not conferred on Shareholders; and
  - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the New Options will remain unchanged.
- (j) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:
- $$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$
- Where:
- $O^n$  = the new exercise price of the New Option;
- $O$  = the old exercise price of the New Option;
- $E$  = the number of underlying securities into which one New Option is exercisable;
- $P$  = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- $S$  = the subscription price for a security under the pro rata issue;
- $D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- $N$  = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (k) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the New Option is exercisable may be increased by the number of Shares which the Optionholder would have received if the New Option had been exercised before the record date for the bonus issue.
- (l) The terms of the New Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary Shares in the Company approve of such a change. However, the terms of the New Options shall not be changed to reduce the Exercise Price, increase the number of New Options or change any period for exercise of the New Options.
- (m) The Company has not applied for listing of the New Options on the ASX.
- (n) The Company shall apply for listing of the resultant Shares of the Company issued upon exercise of any New Options.